

## *Transaction Term Sheet*

**The Transaction:** Veteran Call Center, LLC (“VCC”) purchase of Acquired Assets (defined below) from Creditron Financial Corporation / dba Telatron Marketing Group, Inc. (“Telatron”) and related commercial real property located at and commonly known and numbered as Boardwalk Business Square at 1545 W. 38th St, Park Place Business Square at 1561 - 1571 W. 38th St., annex and parking on West 39th St., Erie, PA (owned by Alfred D. Covatto and Joyce M. Covatto) (“Boardwalk/Park Place”) (The Parties”). The Parties are entering into this binding term sheet (the **“Binding Term Sheet”**) setting forth the terms of the acquisition by VCC of all of the assets of Telatron and real property located at 1545 W 38th Street, Erie, PA.

The table below contains key terms and conditions related to the proposed purchase by VCC of substantially all of the business and property assets of Telatron and Boardwalk/Park Place. This outline of a Transaction Term Sheet is not meant to represent a complete or exhaustive list of terms and conditions, and the definitive agreement will be evidenced by the complete Purchase Agreement Documentation agreed upon and executed by all required parties. In some cases abbreviated language is used to convey more complex issues.

Management Agreement:	Management contract where VCC assume key / critical decisions of Telatron subject to court monitoring in place, to effect a new corporate governance regime under direction of George Martin, Garrye Hepburn and Kenneth Barton. No material decisions/signing authority for key ‘corporate governance’, material contract or disbursements to related parties, by existing management/former senior management (some of whom will remain in senior operational functions/roles with the company).
	<p>Key issue/rationale:</p> <p>(i) immediately implement new corporate governance and decision making structure;</p> <p>(ii) enable official dialogue by VCC with key constituent clients regarding planned sale, smooth ownership transition, operational continuity, and confirmation that change of control will not lead to contract cancellation (critical for key three contracts).</p>
Asset Purchase:	Purchase of all of the assets of Telatron and Boardwalk/Park Place by a to-be-formed NewCo (wholly owned by VCC), including all Intellectual Property, trademarks, real property, other business assets, existing contracts, accounts receivable, etc., (the ‘Acquired Assets’).
Consideration to Existing Owners	\$1 (one dollar) subject to closing and satisfaction of all conditions precedent.

**EXHIBIT**

tabbles:

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Joyce and Al Covatto	NewCo/VCC will not be responsible for, nor make any payments related satisfying to the personal tax obligations (original amounts, liens or penalties) of Alfred and Joyce Covatto.
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Purchase Agreement	Final purchase subject to definitive and binding purchase agreement documentation to be executed by VCC and Telatron/Boardwalk/Park Place by December 20 <sup>th</sup> , 2010
Purchase Price and Break Out of Uses	<p>\$1.85 million invested in NewCo - \$4,398,946 in liabilities paid or assumed.</p> <p>Expected Uses:</p> <ul style="list-style-type: none"> <li>(i) Repay Dollar Bank approximately \$1.1 million;</li> <li>(ii) Transaction closing costs and financing cost of approximately \$400,000;</li> <li>(iii) \$350,000 invested into NewCo for working capital to provide for incremental business volumes and buffer for contingencies.</li> </ul> <p>Note: existing Telatron accounts receivables at completion date will be utilized for payroll, with any excess after payment of payroll retained and utilized for normal working capital uses.</p>
Assumption of Liabilities to secured Creditors	<p>As outlined in Schedule 1 - Schedule of Discounted Payments To Certain Secured and Unsecured Creditors (attached)</p> <p>Key points:</p> <ul style="list-style-type: none"> <li>(i) Dollar Bank first mortgage lien and line of credit (combined total balance approximately \$1.1 million) paid in full at closing;</li> <li>(ii) NewCo will pay discounted value of existing secured claims from taxing authorities over a maximum of 5 years, expected payment period of 2.5 to 3.5 years (see schedule for amounts);</li> <li>(ii) the discounted amount will represent the 'capped' amount of payment, which will then accrue interest at a rate of 4% annually on any unpaid amounts; <ul style="list-style-type: none"> <li>(a) represents full write-off of interest and penalties, and approximately 72% of original amounts due</li> <li>(b) any amounts unpaid and outstanding five years from the date of the acquisition, will be repaid in full in a bullet payment;</li> </ul> </li> <li>(iii) The NewCo./VCC will commit to make regular and periodic payments to the relevant secured creditors/taxing authorities according to a schedule and payments dates defined in the</li> </ul>

	agreement (annual schedule) in amounts equal to the lower of (a) lower of 20% of Free Cashflow or 30% of EBITDA in 2011 (last two quarters only) and 2012; (b) lower of 25% of Free Cashflow and 35% of EBITDA in 2013 and 2014 (c) lower of 30% of Free Cashflow and 35% EBITDA in subsequent years (2015-2016).
Assumption of liabilities to Unsecured Current Accounts Payable Trade Creditors	At completion of the transaction, the NewCo. will satisfy the obligations at full value to the <u>current</u> Accounts Payable unsecured trade creditors incurred in the normal course of business (accounts payable, etc. needed to continue business operations) as outlined in schedule 1
Primary Unsecured Creditors	Discount of 85% /15% recovery paid to Secondary Unsecured creditors (excluding Delaware North Marketing Group— see schedule 1). Paid at lower of 20% of Free Cashflow or 30% of EBITDA after Secured Creditors have been paid in full per terms in this agreement; with no interest.
Secondary Unsecured Creditor - Non Final Judgment	Total of \$200,000 recovery paid to Delaware North Marketing Group – (see schedule 1). Paid at lower of 20% of Free Cashflow or 30% of EBITDA after Primary Unsecured Creditors have been paid in full per terms in this agreement; with no interest.
Deposit:	Deposit: Purchaser will provide a non-refundable deposit of \$200,000 to be made upon approval of the disclosure statement filed by the seller incorporating the terms of the sale. The deposit will be tendered on or before January 31 <sup>st</sup> , 2011 pursuant to the approval of the disclosure statement, per instructions of the Bankruptcy Court. This Deposit will be applied to the investment of \$1.85 million into the NewCo at the Closing of the transaction.
Closing Date	February 28th, 2011

Agreed and Accepted on this 17<sup>th</sup> day of December 2010:

**Purchaser:**

Veteran Call Center, LLC

By: \_\_\_\_\_  
 Name: George Martin  
 Title: CEO and Chairman

**Sellers:**

Creditron Financial Corporation / dba Telatron Marketing Group, Inc

By: \_\_\_\_\_

Name: Joyce M Covatto

Title: President and CEO

By: \_\_\_\_\_  
Joyce M. Covatto, individually

By: \_\_\_\_\_  
Alfred D. Covatto, individually

Schedule 1

Current liabilities as at 10/31/10 - Provisional - Subject to Confirmation					
Detail	Original	Discount	Capped Payment		
Accounts payable (unsecured)	681,078	0.0%	681,078	paid in full	
ACCRUED PAYROLL	107,662	0%	107,662	paid in full	
Dollar Bank	1,100,000	0%	1,100,000	paid in full	
	<b>1,888,740</b>		<b>1,888,740</b>		
<u>Tax Outstanding</u>					
Federal income Tax W/H	412,076				
Employee Fica W/H	722,948				
State Income Tax W/H	583,904				
Local Income Tax W/H	311,819				
Vermont Tax W/H	5,525				
Occupational Priv. Tax	110,125				
Pa U/E Tax Withholding	4,669				
Accrued Fica	718,573				
Accrued EIC	-8,826				
ACCRUED FEDERAL UNEMPLOY TAX	99,691				
Accrued Federal Unemployment Tax	154,386				
PA Sales Tax Payable	634				
PA Corporate Tax Payable	23,227				
	<b>3,138,749</b>	<b>28.0%</b>	<b>2,259,900</b>	<b>72.0%</b>	Average
<u>Primary Unsecured Creditors</u>					
Craig Markham	5,864	85.0%	880		
Department of Revenue	129,314	85.0%	19,397		
Domino Insurance Agency	4,869	85.0%	730		
Health America PA, Inc. - PGH	57,945	85.0%	8,692		
Infinity CTI	1,904	85.0%	286		
National Fuel	395	85.0%	59		
Pitney Bowes	57,340	85.0%	8,601		
Pitney Bowes Credit Corp.	6,926	85.0%	1,039		
Pitney Bowes Purchase Power	3,603	85.0%	540		
Commonwealth of PA	25,594	85.0%	3,839		
Qwest	4,787	85.0%	718		
UMPC	29,220	85.0%	4,383		
UPS	141	85.0%	21		
Verizon	4,185	85.0%	628		
Verizon Wireless	1,507	85.0%	226		
Verizon	89	85.0%	13		

Waste Management	<u>1,695</u>	85.0%	<u>254</u>		
	<b>335,378</b>		<b>50,307</b>	<b>15%</b>	
<u>Secondary Unsecured Creditors</u>					
Delaware Marketing Group	<b>2,668,498</b>	settlement	<b>200,000</b>		
<u>Penalties &amp; Interest</u>					
Reserve for Penalty Interest	628,530	100.0%	0		
Reserve Capital STK Tax I&P	34,344	100.0%	0		
Reserve for PAUC INT & PEN	4,207	100.0%	0		
Reserve for PA W/H Tax Int	<u>6,233</u>	100.0%	<u>0</u>		
	673,314		0		
Total Liabilities	<b>6,535,497</b>		<b>4,398,946</b>		
<i>Notes:</i>					
<i>1. Subject to no identified amounts being personal obligations of Al and Joyce Covatto</i>					